

# **HUMAN CAPITAL MANAGEMENT PRACTICES IN SRI LANKA**

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## **Abstract**

Human Capital (HC) is increasingly recognized as a key competitive advantage for companies, as well as a key indicator of a company's success. This is partially the result of the move from a manufacturing to a service economy. As such, it is important for organizations to measure and report on HC management if they want to control, monitor and better invest in their 4most valuable asset'. This has become even more imperative with the growing body of evidence that effective HC management is directly correlated to performance, competitiveness and ultimately, shareholder value.

Designing the measures to evaluate HC management is the first step and requires linking the indicator to a key performance driver that will be in line with the business strategy. Measuring and reporting is a second step that can demand management commitment and yet will produce invaluable insight to both external and internal audiences. The objective is to assist these different stakeholders to make better decisions that will benefit the company.

This study looks at current practices on HC measurement and reporting by Sri Lankan companies. Human Capital (HC) is increasingly recognized as a key competitive advantage for companies, as well as a key indicator of a company's success. This is partially the result of the move from a manufacturing to a service economy. As such, it is important for organizations to measure and report on HC management if they want to control, monitor and better invest in their 4most valuable asset'. This has become even more imperative with the growing body of evidence that effective HC management is directly correlated to performance, competitiveness and ultimately, shareholder value.

Human Capital is widely considered as the most important asset of an organization, and the effective management of this resource has a positive impact on the success of the organization way of competitiveness and profitability, Therefore it is imperative that organizations attract, develop and retain its talent, "the most valuable asset of the organization" to sustain its competitiveness and profitability.